



Norsk Naturskadepool

Norwegian Natural Perils Pool

To member companies of the
Norwegian Natural Perils Pool

Circular 5/18

Oslo, 22 June 2018

NEW TERMS FOR SETTLEMENT THROUGH THE NATURAL PERILS POOL FROM 1 JANUARY 2019

Please find enclosed the revised Terms for Settlement through the Natural Perils Pool to apply from 1 January 2019. In the event of any discrepancy between the Norwegian and English versions of the document, the Norwegian original takes precedence. Both can be found on our website.

The following changes have been made:

Section 1.1.3

Old text: *Additional buildings under 10 square metres gross even if no natural perils premium has been calculated.*

New text: *Additional buildings under 10 square metres gross that are not separately insured.*

Consequences: This is purely a linguistic change that has no practical consequences.

Section 1.2 Gardens

Old text: *1.2 Gardens*

New text: *1.2 Plot*

Consequences: This is purely a linguistic change that has no practical consequences. The scheme already covers plots of up to 5 decares and not just the actual garden.

Section 4 Indemnity for gardens

Old text:

4. INDEMNITY FOR GARDENS

4.1. The basis for indemnity for gardens, yard and access road, including any filling in after an earth slide, is the cost of repair/replacement to the same, or essentially the same, condition as before the damage, calculated using the prices on the date of the damage. The indemnity is set at the lower of the restoration cost and the reduction in the plot's market value as a result of the damage to the garden. The indemnity will not be less than the restoration cost for the garden's top layer.

New text:

4. INDEMNITY FOR PLOT

4.1. The basis for settlement for the plot (gardens, yard, access road and any unimproved part of the plot) is set at the cost of repair/replacement to the same, or essentially the same, condition as before the damage, calculated using the prices on the date of the damage. If the damage is not repaired, the company may claim the lower of the restoration costs and the decrease in the plot's market value as a result of the damage.

Consequences: The rules on indemnity have been “harmonised” with the corresponding rules for buildings and effects. There will now be only two options:

1. Settlement following restoration (repair):

The whole of the restoration costs for the damaged plot may now be settled through the Pool, unlike before when only the lower of the restoration costs and the decrease in the plot's market value could be claimed.

Under the old wording, the company could nevertheless claim costs for restoring the garden's top layer. The concept of “top layer” has now been removed completely.

2. Settlement where the damage is not repaired:

If the damage is not restored, the company may claim the lower of the restoration (repair) costs and the decrease in the plot's market value.

Note that there is no absolute limit on how much the company can claim.

The heading has been updated because the company may claim for natural damage to the plot and not just the actual garden.

The term “basis for indemnity” has been replaced with “basis for settlement” because the Terms for Settlement set out only what the company is entitled to settle through the Pool, and not what is indemnified. The basis for indemnity is set out in the company's own insurance terms (for natural damage).

Should the company want terms corresponding to what can be settled through the Pool from 1 January 2019, it will need to incorporate these changes into its own terms for natural damage.

Yours faithfully
For the Norwegian Natural Perils Pool

Synnøve Folkvord
Principal Adviser

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Terms for Settlement through the Natural Perils Pool from 1 January 2019